



Federal Regulatory Affairs

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May 23, 2013

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th St., S.W.
Washington, D.C. 20554

Re: *Connect America Fund*, WC Docket No. 10-90; *High Cost Universal Service Support*,
WC Docket No. 05-337;

Dear Ms. Dortch:

On May 21, 2013, Thomas J. Moorman of Woods and Aitken LLP, representing Armstrong Telephone Company--Northern Division; Armstrong Telephone Company--West Virginia, Hardy Telecommunications, Inc., and Spruce Knob Seneca Rocks Telephone, Inc. ("West Virginia Rural Companies"); Billy Jack Gregg and the undersigned representing Frontier Communications ("Frontier") (the West Virginia Rural Companies and Frontier collectively referred to herein as "Service Providers"), and Commissioner Ryan Palmer of the Public Service Commission of West Virginia ("West Virginia PSC"), met with Rebekah Goodheart, Wireline Legal Advisor for Chairwoman Clyburn.

In this meeting, the parties discussed the unique negative effects that the rate floor and rate comparability benchmark established in the FCC's *USF/ICC Transformation Order*¹ and modified by the Commission's *Third Order on Reconsideration*,² will have upon West Virginia Universal Service funding disbursed to each of the Service Providers. The discussion in this meeting was entirely consistent with the petitions filed by Frontier³ and by the West Virginia Rural Companies,⁴ each of which is seeking relief from these effects through either waiver or a waiver and rulemaking.⁵

¹ *In re: Connect America Fund*, WC Dkt. No. 10-90 *et al.*, 26 FCC Rcd. FCC 17663, FCC 11-161 (rel. Nov. 18, 2011).

² *In re: Connect America Fund*, WC Dkt. No. 10-90 *et al.*, 27 FCC Rcd. FCC 5662, FCC 12-52 at ¶ 22 (rel. May 14, 2012).

³ Frontier Communications, Petition for Waiver of Sections 54.313(a)(10) and 54.318(i) of the Commission's Rules, or Petition for Rulemaking to Modify Section 54.318(i) of the Commission's Rules, WC Dkt. Nos. 10-90, 05-337 (filed Dec. 7, 2012).

⁴ Armstrong Telephone Company--Northern Division; Armstrong Telephone Company-- West Virginia; Hardy Telecommunications, Inc.; and Spruce Knob Seneca Rocks Telephone, Inc., Petition for Waiver By the West

The Service Providers offer their respective West Virginia customers a variety of West Virginia-approved calling plans with varying measured service options—ranging from all measured service to a local unlimited calling plan—leaving the customer to choose the plan that best fits their individual needs. Each plan contains its own pricing structure, though the average monthly revenue per line in West Virginia for each of the respective Service Providers is above the \$14 rate floor for 2013, as demonstrated in the submissions in this proceeding.

Unfortunately, however, due to the rate floor calculation methodology described in the *Third Order on Reconsideration*, each individual plan would have to be measured against the rate floor, instead of accounting for the average revenue per line produced by all calling plans. This methodology leaves each of the Service Providers and the West Virginia PSC the choice of either raising the base rate (and in some cases the plan most-favored by Lifeline customers) or losing out on Universal Service high-cost support. To avoid these adverse results, the parties explained to Ms. Goodheart the need for each Service Provider to be able to average the revenue per line of all of its plans when calculating both the rate floor, and also in the future when it certifies that its highest calling plan is within two standard deviations of the national average urban rate (the “rate comparability” benchmark).

The parties emphasized the need for prompt Commission action on the pending petitions given the July 1, 2013, deadline to certify that rates as of June 1, 2013, comply with the Commission’s rate floor rules. The parties also explained that the petitions had received unanimous support through the public comment process afforded each of the petitions.

The parties provided the attached maps to demonstrate the calling areas of Frontier’s four calling plans available in West Virginia, which are attached to this filing.

Pursuant to Section 1.1206(b) of the Commission’s rules, 47 C.F.R. §1.1206(b), this letter is being filed electronically with your office today.

Please feel free to contact me with any further questions.

Virginia Rural Companies Of Sections 54.313(a)(10) and 54.318(i) Of The Commission’s Rules Or, In The Alternative, Request For Temporary Waiver and Support for the Pending Request For Rulemaking to Modify Section 54.318(i) of the Commission’s Rules, WC Dkt. Nos. 10-90, 05-337 (filed Feb. 5, 2013).

⁵ These topics were also discussed in previous filings by Frontier, the West Virginia Public Service Commission, and the Consumer Advocate Division of West Virginia. See Comments of Frontier Communications, WC Dkt. No. 10-90 (filed Sep. 28, 2012); Motion to File Comments and Comments of the West Virginia Public Service Commission, WC Dkt. No. 10-90 (filed Oct. 25, 2012); Comments of Consumer Advocate Division of West Virginia, WC Dkt. No. 10-90 (filed Oct. 10, 2012).

Sincerely,

A handwritten signature in blue ink, reading "Michael Saperstein Jr." with a stylized flourish at the end.

Michael D. Saperstein, Jr.
Vice President of Federal Regulatory Affairs
Frontier Communications
(202) 223-6807

cc: Rebekah Goodheart
 Commissioner Ryan Palmer
 Thomas J. Moorman